SIR ARTHUR LEWIS COMMUNITY COLLEGE

ACADEMIC YEAR (2024/2025) – SEMESTER TWO

END OF SEMESTER EXAMINATION

COURSE CODE	:	**BUS107**
COURSE TITLE	:	**Fundamentals of Business Development**
LECTURER(S)	:	**Jacqueline Charlemagne**
DATE	:	**May 6, 2025**
TIME	:	**9 a.m.**
DURATION	:	**2 hrs**
STUDENT ID #	:	____________________

GENERAL INFORMATION AND INSTRUCTIONS

- Students must sign **IN** and **OUT** on the examination class list.
- Write your ID number on the question paper.
- Please number your responses accurately.
- This paper contains TWO (2) parts:

- **Part 1**: 40 **multiple choice questions**. 1 mark each. Weighting 25%. Circle the correct answer on the question paper.

- **Part 2: Data response questions.** Total: 25 marks; weighting 15%. Choose either question 1 or 2 to Answer in this section.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Part 1: M**ultiple Choice Questions**.

Instructions: Answer ALL the questions in this section on the answer sheet provided.

1. What is the primary purpose of a business plan?
   A. To create a detailed marketing strategy
   B. To outline the goals, strategies, and financial forecasts of a business
   C. To hire employees for the business
   D. To sell products to customers

2. Which of the following is NOT typically included in a business plan?
   A) Executive summary
   B) Market analysis
   C) Employee pay scale
   D) Financial projections

3. A SWOT analysis in a business plan helps identify:
   A) Strategy, Wealth, Operations, and Tactics
   B) Sales, Workers, Opportunities, and Trends
   C) Strengths, Weaknesses, Opportunities, and Threats
   D) Suppliers, Workers, Organization, and Timeframes

4. Which of the following is a key component of the marketing plan within a business plan?
   A) Financial projections
   B) Pricing strategy
   C) Market analysis
   D) Tax planning

5. What is the purpose of the "Financial Projections" section of a business plan?
   A. To explain the company's organizational structure
   B. To define the company's long-term goals
   C. To estimate future revenue, expenses, and profitability
   D. To outline how the product or service will be marketed

6. A business plan should be updated regularly. What is the main reason for this?
   A) To reflect changes in the market environment or company strategy
   B) To ensure investors are constantly updated with financial data
   C) To meet legal requirements
   D) To track the company's hiring needs

7. What does a "break-even analysis" help a business determine?
   A. The company’s market share
   B. The cost of producing a single product
   C. The company's pricing strategy
   D. When a company will start to make a profit

8. Why is it important to conduct a market analysis when writing a business plan?
   A) To predict the company’s earnings for the next five years
   B) To evaluate the competitors and understand the target audience’s needs
   C) To determine the number of employees required
   D) To select the company’s logo and branding colors

9. What is a "unique selling proposition" (USP) in a business plan?
   A) A detailed breakdown of the company’s financial assets
   B) The product or service feature that differentiates the business from its competitors
   C) A list of the company’s key partnerships and investors
   D) The mission statement of the business

10. Which of the following is NOT typically found in the "Company Description" section of a business plan?
    A) The company’s history and background
    B) The business's legal structure
    C) The target market and customer demographics
    D) The company’s employee salary structure

11. A new company, "EcoSmart," has just launched a line of eco-friendly cleaning products. The marketing team is deciding which strategy to use to increase brand awareness. They want to target environmentally conscious consumers but are limited by a small budget. What marketing strategy would be most effective for EcoSmart to pursue?

    A. Launch a nationwide TV campaign to reach a broad audience.
    B. Partner with influencers and run social media campaigns.
    C. Offer large discounts to retail stores to stock their products.
    D. Create traditional print advertisements for local newspapers.

12. The purpose of marketing is to _________________
    A. To advertise products
    B. To create new products
    C. To increase the assets of the business
    D. To identify and satisfy customer needs

13. The process of market segmentation involves ______________
    A. Creating different versions of a product for various customer groups.
    B. Deciding the price at which the product should be sold.
    C. Identifying the specific groups of potential customer to target.
    D. Developing a sales strategy for a new product

14. Which marketing strategy focuses on providing unique products and services to meet the needs of the specific market?
    A. Mass marketing
    B. Niche marketing
    C. Product diversification
    D. Brand extension

15. Which of the following best describes “digital marketing”?
    A. Marketing through traditional print media
    B. Advertising on billboards and physical stores
    C. Using online platforms and tools to reach customers.
    D. Selling products through door-to-door salespersons

16. Positioning in marketing refers to _______________.
    A. The process of determining the price of a product.
    B. The method of distinguishing a product in the minds of customers relative to competitors
    C. The decision to choose which social media platform to advertise in relation to rivals
    D. The distribution of a product through various channels

17. Market research refers to _____________.
    A. The promotion of products through advertising and other print media.
    B. The development of new products
    C. The process of measuring a business’s brand awareness and brand equity.
    D. The collection and analysis of data to understand the target market.

18. The main benefit of customer feedback is to ___________________.
    A. Assist in improving marketing strategies.
    B. Reduce the need for advertising campaigns.
    C. Allow company to increase product prices
    D. Assists in attracting competitors’ customers

19. A company that sells athletic wear has been experiencing declining sales in the last few months. Their target audience, young adults aged 18-25, has shifted preferences towards more casual and comfortable clothing. What should the company do to address this challenge?
    A. Increase the prices of their products to reflect the premium quality.
    B. Rebrand their products and introduce a new line of athleisure wear.
    C. Discontinue all their athletic wear and focus only on formal clothing.
    D. Focus on increasing advertising spending without changing the product.

20. You are the marketing manager of a software company. The company has just developed a new tool that helps small businesses automate their social media posts. The target market is small business owners who are not very tech-savvy. Which of the following marketing tactics would be most effective for reaching this audience?
    A. Host webinars and create detailed technical tutorials.
    B. Run Facebook ads with simple, clear messaging about the tool's benefits.
    C. Create detailed white papers and distribute them via email.
    D. Focus on selling directly to large enterprises through a sales team.

21. Catalogues, sponsored events, and digital media presence are closely associated with the marketing mix of activity?
    A. Product development
    B. Pricing
    C. Promotion
    D. Sales

22. To achieve market expansion a company must.
    A. Use distribution channels more effectively
    B. Use advertising campaigns more effectively
    C. Price their products more strategically
    D. All of the above

23. In an organization strategic marketing planning must begin with?
    A. Hiring a senior planning consultant
    B. Establishing organizational goals and objectives
    C. Writing the mission statement
    D. Writing the vision statement

24. Which of the following describes "diversification"?
    A. New products in new markets
    B. New products in existing markets
    C. Existing products in an existing market
    D. Existing products in new markets

25. All forces that affect market policies, decisions and operations are part of ____________
    A. Market mix
    B. Marketing control
    C. Marketing environment
    D. None of the above

26. The marketing mix encompasses all of the following EXCEPT
    A. Product management
    B. Distribution management
    C. Pricing decisions
    D. Profit determination

27. Which of the following is NOT a type of distribution channel?
    A. Direct channel
    B. Indirect channel
    C. Vertical channel
    D. Multichannel

28. Which pricing strategy involves setting a high price initially and then gradually lowering it over time?
    A. Penetration pricing
    B. Skimming pricing
    C. Cost-plus pricing
    D. Value-based pricing

29. Which stage of the product lifecycle focuses on gathering user feedback and making product improvements?
    A. Introduction
    B. Growth
    C. Maturity
    D. Decline

30. Which of the following attributes of the product focuses on the additional benefits and services that the consumer receives from purchasing and using the product?
    A. core product
    B. actual product
    C. augmented product
    D. Byproduct

31. The primary goal of financial planning is to _____________.
    A. maximize profit
    B. reduce long-term business costs
    C. manage taxes
    D. ensure financial security

32. What does a budget typically include in a financial plan?
    A. A summary of the business revenue only.
    B. A detailed marketing strategy
    C. a list of potential investors and buyers
    D. an estimate of future income and expenses.

33. A fixed cost in a business is ________________.
    A. advertising expenses
    B. salaries of full-time employees
    C. raw materials and components costs
    D. electricity cost

34. The primary purpose of a cash flow is ________________
    A. to show the movement of cash in and out of the business.
    B. to determine the company's profitability over a period.
    C. to list the company's assets and liabilities.
    D. to outline the company's capital structure

35. Which of the following is an example of equity capital?
    A. debentures
    B. bonds
    C. loans
    D. shares

36. Sources of internal capital include ALL of the following EXCEPT which one?
    A. disposal of fixed assets
    B. preference shares
    C. working capital
    D. retained profit

37. Which of the following is likely to be bought on hire purchase?
    A. land
    B. equipment
    C. factory
    D. stock

38. What does the term liquidity refer to in financial planning?
    A. the ability of a business to meet its long-term financial obligation.
    B. the amount of equity a company holds in its assets
    C. the ease with which assets can be converted into cash
    D. the company's profitability over a given period.

39. Which of the following is considered a capital expense?
    A. monthly rent payments
    B. office supplies
    C. purchase of new machinery
    D. utility bills

40. What is the primary purpose of a budget?
    A. To track personal spending
    B. To forecast future income
    C. To allocate resources and plan for future expenses
    D. To calculate net worth

Part 2: Data response questions

Instructions: <u>Choose either question 1 or 2</u> to answer in this section.

Question 1.

a) Discuss TWO (2) importance of business planning for a small business. [8 marks]

b) Differentiate between a mission and vision statement for a business. [4 marks]

c) Explain the importance of product differentiation for a small business [3 marks]

d) Explain TWO (2) methods of differentiating your product from its competitors. [4 marks]

e) Explain TWO (2) benefits and ONE (1) limitation of digital marketing for start-up businesses. [6 marks]

Total: 25 marks

Question 2.

a) Discuss TWO (2) importance of financial planning to small business. [8 marks]

b) Differentiate between debt financing and equity financing for a small business. [4 marks]

c) Explain the role of packaging in marketing a good or service. [3 marks]

d) Explain TWO (2) methods of distributing your product to your target market. [4 marks]

e) Explain THREE (3) factors that must be considered in distribution management. [6 marks]

Total: 25 marks

END OF EXAMINATION